92-01066/

City of Moncton

General Fund, Sinking Funds and Reserve Funds

Financial Statements

December 31, 1990

Doane Raymond
Chartered Accountants

A member firm of Grant Thornton

Contents

Auditors' Report	1
Revenue Fund Statement of Revenue, Expenditure and Surplus	2
Revenue Fund Balance Sheet	3
Capital Fund Balance Sheet	4
Statement of Investment in Capital Assets	5
Statement of Source and Application of Capital Financing	6
Notes to Financial Statements	7 - 11
Sinking Funds and Reserve Funds Balance Sheets	12 - 18
Supporting Schedules	19 - 21

Doane Raymond

Chartered Accountants

P.O. Box 1005
Suite 406
1111 Main Street
Moncton
New Brunswick
E1C 8P2

Tel: (506) 857-0100
Fax: (506) 857-0105

Auditors' Report

To His Worship the Mayor
and Members of City Council

We have audited the revenue fund, capital fund and related sinking funds and reserve funds balance sheets of the City of Moncton as at December 31, 1990, and the revenue fund statement of revenue, expenditure and surplus, the capital fund statement of investment in capital assets and the statement of the source and application of capital financing for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the City's revenue fund, capital fund and related sinking funds and reserve funds as at December 31, 1990, and the results of its operations and the source and application of its capital financing for the year then ended in accordance with generally accepted accounting principles adopted for New Brunswick municipalities.

Doane Raymond

Moncton, New Brunswick
March 27, 1991

Chartered Accountants

A member firm of Grant Thornton

City of Moncton
Revenue Fund
Statement of Revenue, Expenditure and Surplus
Year Ended December 31, 1990

	1990		1989
	Budget	Actual	Actual
Revenue			
Warrant of assessment	$31,994,526	$31,989,901	$ 28,717,833
Unconditional transfers from Provincial Government	16,000,919	16,000,919	16,017,614
Other revenue from own sources	3,180,842	3,228,847	3,190,131
Surplus - second previous year	56,703	56,703	58,914
	51,232,990	51,276,370	47,984,492
Proceeds on sale of property		1,718,000	
	$51,232,990	52,994,370	47,984,492
Expenditures			
General government services	$ 5,865,689	5,880,612	5,221,719
Protection services	17,844,022	17,914,252	16,308,706
Transportation services	8,661,729	8,446,545	8,339,478
Environmental health and development services	2,208,711	2,319,951	1,991,931
Recreation and cultural services	7,538,434	7,498,822	7,172,913
Fiscal services	8,259,574	8,067,725	8,144,086
Capital financed by current fund		20,000	175,000
Centennial events	264,831	536,588	86,643
	50,642,990	50,684,495	47,440,476
Transfers to capital and reserve funds		1,718,000	
	50,642,990	52,402,495	47,440,476
Excess of revenue over expenditure		591,875	544,016
Appropriations to reserve and trust funds (Note 2)	590,000	590,000	500,000
	$ 51,232,990		
Surplus for the year		1,875	44,016
Surplus, beginning of year		100,719	115,617
		102,594	159,633
Transfer to current budget		(56,703)	(58,914)
Surplus, end of year		$ 45,891	$ 100,719

City of Moncton
Revenue Fund Balance Sheet
December 31, 1990

	1990	1989
Assets		
Cash	$ 1,640	$ 3,450
Receivables (Note 3)	3,573,164	3,399,590
Receivable from		
Capital fund	4,070,851	3,630,781
Codiac Transit Commission	775,024	566,845
Maritime Coliseum Agrena Commission	52,792	
Water and Light revenue fund	3,595,207	775,635
Sinking funds	6,135	21,432
Inventory	725,088	756,972
Unamortized debenture discounts	299,296	320,731
	$13,099,197	$9,475,436
Liabilities and Surplus		
Bank indebtedness (Note 5)	$ 4,743,868	$ 562,036
Payables and accruals (Note 6)	5,124,747	5,563,738
Payable to		
City Hall development fund	1,150,589	42
Snow removal reserve trust fund	1,000,000	935,681
Reserve for land development	275,166	849,014
Machinery and equipment depreciation trust fund	707,346	1,420,707
Maritime Coliseum Agrena Commission		43,499
Water Utility reserve fund	51,590	
Surplus (Page 2)	45,891	100,719
	$13,099,197	$9,475,436

Commitments (Note 10)
Contingencies (Note 11)

On behalf of the Council

City of Moncton
Capital Fund Balance Sheet
December 31, 1990

	1990	1989
Assets		
Receivables (Note 4)	$ 211,604	$ 231,510
Property and equipment (Note 7)	137,801,665	131,202,372
	$138,013,269	$131,433,882
Liabilities and Equity		
Payable to the revenue fund	$ 4,070,851	$ 3,630,781
Deferred capital contributions (Note 9)	197,500	197,500
Long term debt (Note 8)	33,139,341	34,635,656
	37,407,692	38,463,937
Investment in capital assets (Page 5)	100,605,577	92,969,945
	$138,013,269	$131,433,882

On behalf of the Council

City of Moncton
Capital Fund
Statement of Investment in Capital Assets

Year Ended December 31, 1990

	1990	1989
Balance, beginning of year	$ 92,969,945	$85,372,370
Add:		
Maturity of sinking fund issue		2,000,000
Debt retired	3,996,316	3,677,269
Contributions - Federal/Provincial Governments		
Designated highways recovery	250,000	550,000
Magnetic Hill project		80,331
Traffic signals and crossings		9,410
Main Street program - MCBDC	45,000	52,430
Caledonia Industrial Park expansion	10,972	106,412
Centennial Park depot labour grant	10,400	19,031
Moncton Museum	90,000	
City's contributions		
Capital out of current funds	20,000	175,000
Transfers from Machinery and Equipment reserve	1,477,824	499,001
Transfer from Reserve for Land Development	715,700	
Moncton Industrial Development Ltd.		
Contribution to Caledonia Park		173,707
Other		
Local improvement and branch sewer recoveries	291,834	104,886
Sale of property	573,000	75,000
Other organizations and individuals	154,586	75,098
Balance, end of year	$100,605,577	$92,969,945

City of Moncton
Capital Fund
Statement of Source and Application of Capital Financing

Year Ended December 31, 1990

	1990	1989
Funds provided by		
Capital contributions from other governments	$ 406,372	$ 817,614
Local improvement and branch sewer recoveries	291,834	104,886
City current fund	20,000	175,000
Kiwanis Club of Moncton Inc.	19,906	50,000
Sale of property	573,000	75,000
Debentures issued	2,500,000	6,353,500
Other organizations and individuals	154,586	75,098
Transfer from Machinery and Equipment reserve	1,477,824	499,001
Contribution from MID Park Development fund		173,707
Appropriations from revenue fund		
Debt retirement	3,996,316	3,677,269
Sinking fund '89 proceeds		2,000,000
Transfer from Reserve for Land Development	715,700	
Transfer development costs Caledonia Industrial Park to Capital assets		273,942
Increase in borrowing from current fund	440,070	
	$10,595,608	$14,275,017
Funds applied to		
Purchase and construction of capital assets		
Permanent streets	$ 2,696,140	$ 2,469,084
Moveable equipment	1,633,576	1,147,358
Real estate	2,207,624	3,065,985
Storm and branch sewers	61,952	134,489
	6,599,292	6,816,916
Redemption of long term debt	3,996,316	3,677,269
Maturity of sinking fund issue		2,000,000
Decrease in borrowing from current fund		1,780,832
	$10,595,608	$14,275,017

1. Significant accounting policies

(a) Revenue recognition
Major sources of revenue are recorded on an accrual basis.

(b) Expenditure recognition
Expenditures are recorded on an accrual basis. Outstanding commitments for goods and services relating to the current year are accrued at the balance sheet date.

Principal repayments of long term debt are recorded as expenditures when repaid. Interest on long term debt is recorded on an accrual basis. Debenture discounts are written-off on a straight line basis over the terms of the various issues.

(c) Inventories
Inventories are valued at the lower of cost and net realizable value.

(d) Fixed assets
Capital assets and projects in progress are recorded at cost. The City does not record depreciation on its property and equipment consistent with Municipal guidelines. Funds received through capital assistance programs, cost sharing arrangements or loan forgiveness are treated as additions to investment in capital assets, in addition to the principal repayments of long term debt.

(e) Prior year's operating results
Section 89 of the Municipalities Act of New Brunswick requires that the surplus or deficit for a given fiscal year be included in the budget of the second ensuing year.

(f) Financing
It is the policy of the City to charge interim financing costs for annual capital construction projects to current fund fiscal expenditures.

2. Appropriations to reserve and trust funds

Machinery and equipment depreciation trust fund:

	1990	1989
(a) Amended by-law 312-13/90 - April 25, 1990	$475,000	$
(b) Amended by-law 312-14/90 - December 18, 1990	115,000	
(c) Amended by-law 312-12/89 - December 19, 1989		500,000
	$590,000	$500,000

	1990	1989
3. Receivables - Revenue Fund		
Sewer construction improvements	$ 81,301	$ 85,293
Local improvements	132,210	190,627
Provincial government	604,452	1,360,582
Moncton Industrial Development - Loan	413,683	453,715
Moncton Industrial Development - Caledonia Park		173,707
Federal government	31,664	20,185
Magic Mountain Water Park Ltd. - current	105,955	99,140
Magic Mountain Water Park Ltd. - deferred	219,907	245,062
Richmond Mews (N.B.) mortgage due 1993 (Note 15)	750,000	
L.N.C. Group Ltd. mortgage	299,223	
Sportsplex Developers Ltd.	100,000	
Other - various	834,769	771,279
	$3,573,164	$3,399,590

4. Receivables - Capital Fund

The City of Moncton entered into an agreement with the Kiwanis Club of Moncton Inc. in 1984 to pay the net cost to construct the Centennial Beach project. The Kiwanis Club agreed to reimburse the City for the net cost of $356,510 which was to be repaid over a period of 5 years and the City had agreed to extend the period of repayment a further 5 years and the extension has been granted. Payments received to December 31, 1990 aggregate $144,906 leaving a balance receivable at December 31, 1990 of $211,604.

5. Short term borrowing

The bank indebtedness represents borrowings to finance cash flow requirements for the current fund and to temporarily finance capital expenditures for which debentures have yet to be issued. The amount of the borrowing is within the limits specified in the Municipalities Act.

	1990	1989
6. Payables and accruals - Revenue fund		
Accounts payable and commitments	$3,784,150	$4,105,427
Contractors' holdbacks	608,176	663,650
Interest on long term debt	662,837	727,994
Local improvement deposits	69,584	66,667
	$5,124,747	$5,563,738

7. Property and equipment, at cost

	Fully Funded	To Be Funded By Debentures	Total	Total
Permanent streets	$ 77,094,848	$1,304,603	$ 78,399,451	$ 75,703,311
Equipment	5,922,988	183,443	6,106,431	4,472,855
Real estate	32,084,541	2,362,998	34,447,539	32,239,915
Storm sewers and branch sewers	18,642,541	205,703	18,848,294	18,786,291
	$133,744,918	$4,056,747	$137,801,665	$131,202,372

8. Long term debt

Debenture debt		
Serials and certificates	$28,975,707	$30,376,276
Sinking funds	3,653,800	3,653,800
	32,629,507	34,030,076
Other		
Winter Capital Project Fund	264,025	317,925
Department of Regional Industrial Expansion	245,809	287,655
	$33,139,341	$34,635,656

Effective January 1, 1982 the debenture debt, which related to the capital assets transferred to the Codiac Transit Commission, was also transferred.

Effective January 1, 1983 the debenture debt, which related to the capital assets transferred to the Maritime Coliseum - Agrena Commission, was also transferred.

The various long term debt obligations of the Commissions remain the ultimate responsibility of the City of Moncton.

Principal payments required during the next five years are as follows:

1991	$4,556,760	1994	$4,405,188
1992	$4,285,926	1995	$4,012,261
1993	$4,419,857		

The sinking fund issue of March 1, 1982 is being provided for annually in the amount of $98,010 and is in addition to the principal payments required during the next five years.

Approval of the Municipal Capital Borrowing Board has been obtained for the debenture debt reported.

9. Deferred capital contributions

In 1988 Council authorized the release of $197,500 from the Reserve for Land Development to purchase a tract of land. The purchase has still not been completed by the 1990 year end and these funds remain designated for this purpose.

10. Commitments

a) The City is obligated under a long term lease agreement to pay minimum annual rentals of $269,100 until September 30, 2011 plus escalation costs and taxes. In 1990 this additional amount approximated $215,000.

b) Under the terms of a lease with Blue Cross for the City library, the City is responsible for the proportionate share of the common area operating costs including property taxes. In 1990 this approximated $400,000 and approximately 25% was recovered from the Province under a sub-lease for its proportionate share of the costs. The lease expires in 2053.

11. Contingencies

The City is contingently liable for debentures and other capital debt reflected on the capital funds of the Water and Light Department, the Maritime Coliseum-Agrena Commission and the Codiac Transit Commission.

12. Liability for vested sick leave benefits

The liability of the City of Moncton for unused sick benefits which have vested with staff and which are to be paid out to terminating employees approximates $5,100,000 at December 31, 1990.

It has been a policy of the City to provide for $85,000 per year in its operating budget since 1983 towards funding of unused sick benefits paid out on retirements or on death. The accumulated provision at the end of the year stands at $128,591 and the City has increased its annual provision to $125,000 effective in 1991 and will now include sick benefits paid out on resignations.

13. **Pension Plan**

Pension benefits are provided to employees of The City of Moncton under the City of Moncton Pension Act, 1990. Employees contribute to the plan, which provides for service pensions based on length of service and rate of pay. The City's contribution limits are fixed by legislation at 6.65 percent of employee earnings plus a lump sum amount of $25,000 per annum. The City charges to expense its contributions, including the $25,000 on an annual basis.

The last actuarial valuation carried out by the actuaries was effective December 31, 1987. An extrapolation was done by the actuaries effective December 31, 1990 which showed the actuarial present value of the accrued pension benefits estimated at $48,314,600. The net assets available for benefits stood at $47,448,440 at that date. The actuary also reported that the present rate of contributions to the pension plan by the City is sufficient to cover the benefits being accrued each year by the employees.

14. The 1990 budget figures presented on pages 2, 19, 20 and 21 reflect those reallocations approved by the City Manager and reported to Council throughout the year. Gross revenues and expenditures are reflected in the statement of revenue, expenditure and surplus. To conform with the current year's presentation, the 1989 expenditures on page 2 and the supporting schedules on pages 19, 20 and 21 have been reclassified.

15. **Subsequent event**

At December 31, 1990 the City of Moncton has a mortgage receivable from Richmond Mews Management (N.B.) Limited in the amount of $750,000 which is non-interest bearing and the total amount is due October 10, 1993. The company has assembled land to construct a downtown residential and commercial complex. A representative of the company has recently informed the City that they will not be making any further payments to the project's first mortgage holder effective April 1991.

The City's mortgage is subordinated to Confederation Trust who holds the block of land as security on its mortgage.

Due to the uncertainty surrounding this project, the effect, if any, on the timing and or collectibility of the City's mortgage receivable is not determinable at this time.

City of Moncton
Sinking Fund - '89
Balance Sheet
December 31, 1990

	1990	1989
Assets		
Cash and short term deposits	$298,408	$ 90,472
Accrued interest receivable	19,451	22,180
Investments, at par (Page 14)	467,500	597,500
	$785,359	$ 710,152
Equity		
Equity, beginning of year	$710,152	$ 3,838,317
Add: Interest earned	75,207	371,835
Less: November 1, 1989 maturity		(3,500,000)
Equity, end of year	$785,359	$ 710,152

This sinking fund was originally established to finance repayment of a $3,500,000 sinking fund issue which matured November 1, 1989.

The reserve equity represents a surplus of $785,359 as at December 31, 1990 and any withdrawal from the fund requires the authorization of the Commissioner of Municipal Affairs and is to be used for capital purposes.

On behalf of the Council

City of Moncton
Sinking Fund - '97
Balance Sheet
December 31, 1990

	1990	1989
Assets		
Cash and short term deposits	$ 251,881	$ 269
Accrued interest receivable	23,254	23,819
Investments, at par (Page 14)	1,172,000	1,194,000
	$1,447,135	$1,218,088
Liabilities		
Payable to City of Moncton revenue fund	$ 6,135	$ 21,432
Equity		
Equity, beginning of year	1,196,656	971,551
Add:		
Annual appropriation	107,300	107,300
Interest earned	137,044	117,805
	1,441,000	1,196,656
Equity, end of year	$1,447,135	$1,218,088

This sinking fund was established to finance repayment of a $4,000,000 sinking fund issue maturing March 1, 1997.

The reserve equity includes a surplus of $2,644 in excess of the actuarial requirement of $1,438,356 as at December 31, 1990.

On behalf of the Council

City of Moncton
Sinking Funds
Schedules of Investments
December 31, 1990

	Interest Rate	Maturity Date	Par Value
Sinking Fund '89			
Debentures			
City of Campbellton	13 1/4	December 28, 1992	$ 30,000
City of Campbellton	13 1/4	December 28, 1991	20,000
City of Fredericton	9 3/4	March 1, 1991	40,000
Village of St. Joseph	9 3/4	December 15, 1991	50,000
La Hetriere-McGinley Sewage Commission	11	(1) February 8, 1994	77,500
			217,500
Certificates of Indebtedness			
City of Moncton	17 1/2	March 1, 1997	250,000
			$ 467,500
Sinking Fund '97			
Certificates of Indebtedness			
City of Moncton	9 - 10 %	December 1, 1996	$ 118,000
City of Moncton	9 1/2	(1) April 1, 1994	150,000
City of Moncton	10 3/4	July 3, 1994	136,000
City of Moncton	11 1/2	(1) July 3, 1996	68,000
City of Moncton	10 1/2	November 23, 1996	700,000
			$1,172,000

(1) Serial type issues with annual redemption.

City of Moncton
City Hall Development Fund
Balance Sheet

December 31, 1990	1990	1989
Assets		
Cash and short term investments	$1,210,403	$1,210,403
Receivable from City of Moncton revenue fund	1,150,589	42
Land	30,000	30,000
	$2,390,992	$1,240,445
Equity		
Equity, beginning of year	$1,240,445	$1,120,209
Add: Interest earned	139,687	120,236
Sales of land	1,145,000	
Deduct: Purchase of furnishings and equipment	(134,140)	
Equity, end of year	$2,390,992	$1,240,445

On behalf of the Council

City of Moncton
Reserve for Land Development
Balance Sheet

December 31, 1990

	1990	1989
Assets		
Receivable from City of Moncton revenue fund	$ 275,166	$849,014
Land	62,500	62,500
	$ 337,666	$911,514
Equity		
Equity, beginning of year	$ 911,514	$756,530
Add: Interest earned	95,884	121,404
Cash received in lieu of land	45,968	33,580
	1,053,366	911,514
Less: Transfers to capital fund for development costs	(715,700)	
Equity, end of year	$ 337,666	$911,514

This fund represents monies received relative to the subdivision of land and is to be expended at the direction of City Council for acquiring or developing land for public purposes. In 1988 $57,700 was received from the sale of land on Joyce Avenue and this remains designated for the construction of a playground facility in that area.

On behalf of the Council

Doane Raymond

City of Moncton
Snow Removal Reserve Trust Fund
Balance Sheet

December 31, 1990	1990	1989
Assets		
Receivable from City of Moncton revenue fund	$1,000,000	$935,681
Equity		
Equity, beginning of year	$ 935,681	$825,719
Add: Interest earned	64,319	109,962
Equity, end of year	$1,000,000	$935,681

This fund represents monies appropriated for snow removal purposes and will be expended at the direction of Council. Council has decided to establish an upper limit for this reserve of $1,000,000.

On behalf of the Council

City of Moncton
Machinery and Equipment
Depreciation Trust Fund
Balance Sheet

December 31, 1990

	1990	1989
Assets		
Receivable from City of Moncton revenue fund	$ 707,346	$ 1,420,707
Equity		
Equity, beginning of year	$ 1,420,707	$1,197,202
Less: Equipment purchases	(1,511,058)	(499,001)
Add: Appropriations		
Maritime Coliseum Agrena Commission		50,000
Codiac Transit Commission	25,000	30,000
City revenue fund	590,000	500,000
Proceeds from disposal of equipment		28,245
Interest earned	182,697	114,261
Equity, end of year	$ 707,346	$ 1,420,707

This fund was established in 1982 for purposes of providing funds for replacement of machinery and equipment.

On behalf of the Council

City of Moncton
Revenue Fund
Revenue Detail
Year Ended December 31, 1990

	1990		1989
	Budget	Actual	Actual
Other revenue from own sources			
Licenses and permits	$ 471,095	$ 420,839	$ 483,619
Fines and fees	553,050	503,024	535,581
Rent	27,122	73,544	129,121
Miscellaneous	26,325	96,822	43,001
Recovery from utility fund	119,421	119,421	111,624
Protection	218,304	219,307	225,418
Transportation	688,806	681,254	660,663
Environmental	147,324	183,765	134,762
Arenas	454,750	484,481	467,966
Magnetic Hill Zoo	250,000	246,268	221,993
Magnetic Hill Park	75,000	60,382	38,709
Other recreational	149,645	139,740	137,674
	$3,180,842	$3,228,847	$3,190,131

City of Moncton
Revenue Fund
Expenditure Detail

Year Ended December 31, 1990

	1990 Budget	1990 Actual	1989 Actual
General government services			
Mayor and councillors	$ 343,126	$ 346,529	$ 323,083
City manager	419,320	405,840	450,960
Finance and administration	1,442,786	1,403,620	1,178,966
Personnel	521,031	562,924	437,799
Solicitor	286,947	324,141	322,174
City Hall building	607,166	602,072	587,403
Civic relations	674,350	672,556	578,068
Other general administration	833,288	804,896	765,672
Grants	566,457	569,778	577,594
Corporate planning and policy development	171,218	188,256	
	5,865,689	5,880,612	5,221,719
Protection services			
Police	8,767,962	8,807,992	7,992,141
Fire	6,903,437	6,935,227	6,268,296
Water costs for fire protection	1,479,695	1,480,172	1,427,739
Building inspection	430,383	430,319	373,468
Other protective services	262,545	260,542	247,062
	17,844,022	17,914,252	16,308,706
Transportation services			
Engineering - administrative	1,397,331	1,378,792	1,346,473
Roads, streets and equipment	4,221,379	4,251,523	4,251,974
Street lighting	1,272,980	1,153,472	1,153,534
Traffic and parking	754,132	646,851	684,534
Public transit subsidy	1,015,907	1,015,907	902,963
	8,661,729	8,446,545	8,339,478
Environmental health and development services			
Garbage and waste collection	1,463,867	1,622,622	1,270,528
Planning commission grant	171,428	171,428	152,602
Industrial development grants	495,000	445,121	485,000
R.R.A.P. program	78,416	80,780	83,801
	2,208,711	2,319,951	1,991,931

City of Moncton
Revenue Fund
Expenditure Detail
Year Ended December 31, 1990

	1990 Budget	1990 Actual	1989 Actual
Recreation and cultural services			
Parks and recreation	$ 4,226,489	$ 4,364,935	$ 3,898,302
Museum	350,000	348,537	310,213
Library	279,060	224,357	287,214
Magnetic Hill Zoo	566,133	560,930	503,392
Magnetic Hill park	404,650	327,760	457,665
Program planning and development	104,558	100,247	39,056
Coliseum - Agrena subsidy	1,058,427	1,058,427	1,128,318
Arenas	549,117	513,629	548,753
	7,538,434	7,498,822	7,172,913
Fiscal services			
Interest on short term borrowing and investing - net	118,500	106,377	517,556
Interest on long term debt	4,046,746	3,867,022	3,851,250
Principal instalments on long term debt	3,996,318	3,996,316	3,677,270
Sinking fund appropriations	98,010	98,010	98,010
	8,259,574	8,067,725	8,144,086
Centennial events			
Facility grants	75,000	67,230	
Centennial Committee grant		28,494	50,000
Centennial book project	189,831	154,790	36,643
Special events		286,074	
	264,831	536,588	86,643
Transfers to capital fund		20,000	175,000
Transfers to capital and reserve funds from property sale proceeds			
General capital fund		573,000	
City Hall development fund		1,145,000	
		1,718,000	
Total expenditures	$50,642,990	$52,402,495	$47,440,476

City of Moncton

Water and Light Department

Financial Statements

December 31, 1990

Doane Raymond

Chartered Accountants

A member firm of Grant Thornton

Contents

Auditors' Report	24
Revenue Fund Statement of Revenue, Expenditure and Deficit	25
Revenue Fund Balance Sheet	26
Capital Fund Balance Sheet	27
Statement of Investment in Capital Assets	28
Statement of Source and Application of Capital Financing	29
Notes to Financial Statements	30 - 32
Schedule of Expenditures	33
Water Utility Reserve Fund	34

Doane Raymond

Chartered Accountants

P.O. Box 1005
Suite 406
1111 Main Street
Moncton
New Brunswick
E1C 8P2

Tel: (506) 857-0100
Fax: (506) 857-0105

Auditors' Report

To His Worship the Mayor
and Members of City Council

We have audited the revenue fund, capital fund and water utility reserve fund balance sheets of the City of Moncton Water and Light Department as at December 31, 1990, and the revenue fund statement of revenue, expenditure and deficit, the capital fund statement of investment in capital assets and the statement of the source and application of capital financing for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the City of Moncton's Water and Light Department as at December 31, 1990, and the results of its operations and the source and application of its capital financing for the year then ended in accordance with generally accepted accounting principles adopted for New Brunswick municipalities.

Doane Raymond

Moncton, New Brunswick
March 27, 1991

Chartered Accountants

A member firm of
Grant Thornton

City of Moncton
Water and Light Department - Revenue Fund
Statement of Revenue, Expenditure and Deficit
Year Ended December 31, 1990

	Budget	1990 Actual	1989 Actual
Revenue			
Water user charges	$ 4,490,000	$ 4,326,904	$ 4,403,087
City fire protection charges	1,479,695	1,480,172	1,427,739
Sewer user charges	1,807,000	1,813,491	1,796,947
Sewer treatment levy	2,504,000	2,514,640	2,370,404
Interest	100,000	116,055	105,177
Other	7,500	7,500	7,500
Sale of land		51,350	
Prior years surplus	419,726	419,726	
	10,807,921	10,729,838	10,110,854
Expenditures			
Water supply	3,277,054	3,333,583	2,934,096
Sewerage collection and disposal	3,850,472	4,022,008	3,530,145
Fiscal services			
Water system debt charges	2,293,766	2,280,811	2,233,328
Sewerage system debt charges	1,547,434	1,541,440	1,361,617
Appropriation to Water Utility reserve (Note 6)		51,350	
	10,968,726	11,229,192	10,059,186
Excess revenue over expenditure (expenditure over revenue)	$ (160,805)	(499,354)	51,668
Surplus, beginning of year		471,394	419,726
		(27,960)	471,394
Transfer of surplus to current budget		(419,726)	
Surplus (deficit), end of year		$(447,686)	$ 471,394

City of Moncton
Water and Light Department - Revenue Fund
Balance Sheet

December 31, 1990

	1990	1989
Assets		
Cash	$ 450	$ 450
Receivables	1,033,901	1,017,819
Receivable from Water and Light capital fund	841,702	
Inventory	187,859	171,012
Deferred sewer user costs (Note 2)	1,412,709	1,883,624
Unamortized debenture discounts	121,819	146,828
	$ 3,598,440	$3,219,533
Liabilities and Deficit		
Payables and accruals	$ 296,555	$ 270,341
Payable to Treasury current fund	3,586,207	775,635
Payable to Water and Light capital fund		1,465,622
Holdbacks payable	156,364	236,541
Surplus (deficit)	(447,686)	471,394
	$ 3,598,440	$3,219,533

On behalf of the Council

City of Moncton
Water and Light Department - Capital Fund
Balance Sheet

December 31, 1990

	1990	1989
Assets		
Property, plant and equipment (Note 3)	$57,323,004	$54,912,130
Receivable from Water and Light revenue fund		1,465,622
	$57,323,004	$56,377,752
Liabilities and Surplus		
Payable to Water and Light revenue fund	$ 841,702	$
Long term debt (Note 4)	17,380,863	19,588,193
	18,222,565	19,588,193
Investment in capital assets (Page 28)	39,100,439	36,789,559
	$57,323,004	$56,377,752

On behalf of the Council

City of Moncton
Water and Light Department
Statement of Investment in Capital Assets
Year Ended December 31, 1990

	Water	Sanitary Sewer	1990 Total	1989 Total
Balance, beginning of year	$25,968,088	$10,821,471	$36,789,559	$32,853,004
Add:				
Principal debt matured	1,229,282	978,049	2,207,331	1,973,531
Sinking fund debt matured				1,500,000
Contributions from the Federal/Provincial governments	4,313	95,426	99,739	457,704
Local improvement recoveries		3,810	3,810	5,320
Balance, end of year	$27,201,683	$11,898,756	$39,100,439	$36,789,559

City of Moncton - Water and Light Department
Statement of Source and Application of Capital Financing

Year Ended December 31, 1990

	1990	1989
Funds derived from		
Capital contributions from other governments	$ 99,739	$ 457,704
Debentures issued		2,950,000
Appropriation from revenue fund for debt retirement	2,207,331	1,973,531
Allocation from sinking fund reserve		1,500,000
Local improvement recoveries	3,810	5,320
Borrowings from the revenue fund	2,307,325	
	$4,618,205	$6,886,555
Funds applied to		
Purchase and construction of capital assets		
Water system	$1,867,064	$ 654,740
Sanitary sewer system	543,810	858,773
	2,410,874	1,513,513
Redemption of long term debt	2,207,331	1,973,531
Maturity of sinking fund issue		1,500,000
Increase in borrowings by the revenue fund		1,899,511
	$4,618,205	$6,886,555

1. **Significant accounting policies**

(a) Revenue recognition
Major sources of revenue are recorded on an accrual basis.

(b) Expenditure recognition
Expenditures are recorded on an accrual basis. Outstanding commitments for goods and services relating to the current year are accrued at the balance sheet date.

Principal and interest repayments of long term debt are recorded as expenditures when repaid on specified dates.

Interest on long term debt is recorded on an accrual basis at year end.

Debenture discounts are written off on a straight line basis over the terms of the various issues.

(c) Inventories
Inventories are valued at the lower of cost and net realizable value.

(d) Fixed assets
Capital assets and projects in progress are recorded at cost. The City does not record depreciation on its property and equipment consistent with Municipal guidelines. Funds received through capital assistance programs, cost sharing arrangements or loan forgiveness are treated as additions to investment in capital assets, in addition to the principal repayment of long term debt.

(e) Financing
(i) It is a policy of the City to provide interim financing for annual water and sanitary sewer capital construction. The associated interest costs are recorded as expenditures in the Water and Light revenue fund for these projects.

(ii) The City has taken advantage of a Community Services Contribution Program that provided for an annual simple interest grant relating to bonds issued for eligible sanitary sewer projects. This annual simple interest grant is received over the life of the issue and serves to reduce debt charges in the revenue fund annually. In 1990 two such simple interest grants were received totalling $505,912 which relate to two separate bond issues.

1. **Significant accounting policies** (continued)

(f) Prior year's operating results
The Utility has been making charges to its users so as to produce a balanced budget over a three year period. The deficit of 1990 shall be spread over a three year period commencing with the second next ensuing year in accordance with section 189 of the Municipalities Act.

2. **Deferred sewer user costs**

The deferred sewer user costs represents Moncton's share of costs incurred by the Greater Moncton Sewerage Commission for the 1989 year of $2,354,575 less the total amortized to operations. Council adopted the policy of amortizing the $2,354,575 over a five year period on a straight line basis. The accumulated amortization at December 31, 1990 of $941,866 represents the first two year's allocations.

3. **Property, plant and equipment, at cost**

		1990	
	Fully Funded	Debentures to be issued (issued in Advance)	Total	1989 Total
Fixed assets				
Water system	$37,114,757	$ 1,426,572	$38,541,329	$36,674,264
Sanitary sewer system	19,366,545	(584,870)	18,781,675	18,237,866
	$56,481,302	$ 841,702	$57,323,004	$54,912,130

			1990	1989
4. Long term debt				
	Water	Sanitary Sewer	Total	Total
Debenture debt				
Serials and certificates	$7,543,734	$7,297,176	$14,840,910	$16,883,172
Other				
Municipal Development and Loan Board	1,867,287		1,867,287	1,939,938
Central Mortgage and Housing Corporation		138,465	138,465	174,332
Department of Regional and Industrial Expansion	344,168	190,033	534,201	590,751
	$9,755,189	$7,625,674	$17,380,863	$19,588,193

Principal payments required to service existing debt during the next five years are as follows:

1991	$2,186,110	1994	$2,464,003
1992	$2,199,428	1995	$2,203,852
1993	$2,386,265		

The borrowing authorization and liability to debenture holders is vested with the City of Moncton and the liability is assumed by the Water and Light Department.

Approval of the Municipal Capital Borrowing Board has been obtained for the debenture debt reported.

5. Short term borrowing

An amount of $3,595,207 was borrowed from the Treasury current fund to finance a temporary cash flow deficiency and capital expenditures for which debentures have yet to be issued.

6. Appropriation of Water Utility Reserve Fund

City Council on October 30, 1990 passed a bylaw #330/90 establishing a Water Utility Reserve Fund and a resolution was passed on December 8, 1990 allocating proceeds on sale of land as the initial contribution to the reserve.

City of Moncton
Water and Light Department
Schedule of Expenditures

Year Ended December 31, 1990

	1990		1989
	Budget	Actual	Actual
Expenditures			
Water Supply			
Administration	$ 589,793	$ 623,056	$ 591,035
Transmission and distribution	1,970,983	2,085,616	1,742,979
Purification and source of supply	263,673	226,168	235,685
Power and pumping	452,605	398,743	364,397
	$ 3,277,054	$ 3,333,583	$ 2,934,096
Sewerage collection and disposal			
Administration	$ 122,557	$ 126,467	$ 121,747
Maintenance	753,000	905,621	630,752
Sewer treatment charges	2,504,000	2,519,005	2,306,695
Amortization of deferred sewer treatment charges	470,915	470,915	470,951
	$ 3,850,472	$ 4,022,008	$ 3,530,145
Fiscal Services			
Water system debt charges			
Interest on temporary borrowings	$ 12,500	$ 24,546	$(13,803)
Interest on long term debt	1,051,983	1,025,982	1,115,200
Principal instalments	1,229,283	1,229,283	1,131,931
	$ 2,293,766	$ 2,280,811	$ 2,233,328
Fiscal Services			
Sewerage system debt charges			
Interest on temporary borrowings	$ 12,500	$ 24,505	$(11,776)
Interest on long term debt	556,886	538,887	531,794
Principal instalments	978,048	978,048	841,599
	$ 1,547,434	$ 1,541,440	$ 1,361,617

City of Moncton
Water and Light Department
Water Utility Reserve Fund
Balance Sheet
December 31, 1990

Assets	
Receivable from City of Moncton revenue fund	$ 51,590
Equity	
Proceeds from sale of land	$ 51,350
Interest earned	240
Equity, end of year	$ 51,590

This fund was established on October 30, 1990 under by-law # 330/90 pursuant to Section 189 of the Municipalities Act for the sole purpose of acquiring or financing water utility assets.

On behalf of the Council

Doane Raymond